

Blue Arrow Holdings Limited

Annual Report and Financial Statements

for the 52 weeks ended 29 December 2017



Blue Arrow Holdings Limited

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Blue Arrow Holdings Limited

Company Information

Directors	J Robertson
	A L Wilford
	R J Watson
Company secretary	R J Watson
Registered office	800 The Boulevard
	Capability Green
	Luton
	Bedfordshire
Auditor	LU1 3BA
	KPMG LLP
	15 Canada Square
	London
	E14 5GL

Blue Arrow Holdings Limited

Strategic Report for the 52 weeks ended 29 December 2017

The directors present their strategic report for the 52 weeks ended 29 December 2017.

Review of the business

The principal activity of the company is that of an investment holding company. During the period the company recognised a profit before tax of £Nil (30 December 2016: £25,000) and a tax credit of £145,000 (30 December 2016: £91,000). There were no other transactions in the current or previous financial period.

As at 29 December 2017 the company had net current liabilities amounting to £16,923,000 (30 December 2016: £17,068,000). The company and its operational subsidiaries are expected to generate sufficient operational cash flows for the foreseeable future. Furthermore the company participates in the centralised treasury arrangements and banking facilities provided by its ultimate parent company, Impellam Group Plc. The company has received assurances from the directors of the ultimate parent company that there are no factors which cast doubt on the Group's ability to continue with those treasury and banking arrangements, and that the ultimate parent company will continue to provide support for the foreseeable future and at least a period of twelve months from the date on which the financial statements are signed. On the basis of their assessment of the company's financial position and of the enquires made of Impellam Group Plc, the company's directors have a reasonable expectation that the company will be able to continue in operation for the foreseeable future. Therefore the directors continue to adopt the going concern basis of accounting in preparing these financial statements.

The directors recognise that Brexit has increased the general level of uncertainty and degree of business confidence around permanent and temporary hiring decisions for the clients of the company's trading subsidiaries. The company's trading subsidiaries derive a limited amount of their trade from countries within the European Union, and whilst it is currently too early to have a clear view of the consequences for the operations of the company's subsidiaries, the directors are aware of the potential impact of Brexit and continue to monitor the situation in this regard.

Insurance

Impellam Group plc ("the Group"), of which the company is a member, maintains a comprehensive insurance programme with a number of reputable third party underwriters. These insurance policies are reviewed annually to ensure that there is adequate cover for insurable risks and that the terms of those policies are optimised.

Principal risks and uncertainties

The principal risks and uncertainties of the Group, which include those of the company, are discussed in the Finance Report in the Group's annual report which does not form part of this report. Certain of the Group's business and financial risks are managed at a Group level, rather than at an individual company level. For this reason, the company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the company.

Approved by the Board on 13 June 2018 and signed on its behalf by:



.....
A L Wilford
Director

800 The Boulevard
Capability Green
Luton
LU1 3BA

Blue Arrow Holdings Limited

Directors' Report for the 52 weeks ended 29 December 2017

The directors present their report and the financial statements for the 52 weeks ended 29 December 2017.

Directors of the company

The directors who held office during the period were as follows:

J Robertson

A L Wilford

R J Watson

Dividends

No dividend is paid or recommended in respect of either the current or the prior period.

Political donations

The company has made no political donations during the current or prior periods.

Directors' liabilities

During the period and to the date of these financial statements, the company had in force an indemnity provision in favour of one or more Directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor

The auditors KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 13 June 2018 and signed on its behalf by:



.....
A L Wilford
Director

800 The Boulevard
Capability Green
Luton
LU1 3BA

Blue Arrow Holdings Limited

Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and Financial Statements

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101').

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the members of Blue Arrow Holdings Limited

Opinion

We have audited the financial statements of Blue Arrow Holdings Limited ("the company") for the 52 week period ended 29 December 2017, which comprise the the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet and Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 December 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in those reports;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- we have nothing to report in these respects.

We have audited the financial statements of Blue Arrow Holdings Limited for the 52 week period ended 29 December 2017, set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

Independent Auditor's Report to the members of Blue Arrow Holdings Limited

(continued)

Directors' responsibilities

As explained more fully in the Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and Financial Statements (set out on page 4), the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Barron (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

Date: *18th June 2018*

Blue Arrow Holdings Limited

Profit and Loss Account for the 52 weeks ended 29 December 2017

	Note	52 weeks ended 29 December 2017 £ 000	52 weeks ended 30 December 2016 £ 000
Turnover		-	-
Operating profit		-	-
Income from shares in group undertakings		-	25
		-	25
Profit before tax		-	25
Tax on profit	6	145	91
Profit for the financial period		145	116

The above results were derived from continuing operations.

Statement of Comprehensive Income for the 52 weeks ended 29 December 2017

	52 weeks ended 29 December 2017 £ 000	52 weeks ended 30 December 2016 £ 000
Profit for the financial period	145	116
Total comprehensive income for the financial period	145	116

The notes on pages 10 to 15 form an integral part of these financial statements.

Blue Arrow Holdings Limited

(Registration number: 02586484)

Balance Sheet as at 29 December 2017

	Note	29 December 2017 £ 000	30 December 2016 £ 000
Fixed assets			
Investments	7	58,053	58,053
Creditors: Amounts falling due within one year			
Trade and other payables	8	<u>(16,923)</u>	<u>(17,068)</u>
Net assets		<u>41,130</u>	<u>40,985</u>
Capital and reserves			
Called up share capital	9	26,855	26,855
Profit and loss account		<u>14,275</u>	<u>14,130</u>
Shareholders' funds		<u>41,130</u>	<u>40,985</u>

These financial statements were approved by the Board on 13 June 2018 and signed on its behalf by:



A L Wilford

Director

Blue Arrow Holdings Limited

Statement of Changes in Equity for the 52 weeks ended 29 December 2017

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 2 January 2016	26,855	14,014	40,869
Profit for the period	-	116	116
Total comprehensive income	-	116	116
At 30 December 2016	26,855	14,130	40,985

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 31 December 2016	26,855	14,130	40,985
Profit for the period	-	145	145
Total comprehensive income	-	145	145
At 29 December 2017	26,855	14,275	41,130

Blue Arrow Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 29 December 2017

1 General information

The company is a private company limited by share capital incorporated in England and Wales and domiciled in United Kingdom.

The address of its registered office is:

800 The Boulevard

Capability Green

Luton

Bedfordshire

LU1 3BA

These financial statements were authorised for issue by the Board on 13 June 2018 and the balance sheet was signed on behalf of the Board by A L Wilford.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Blue Arrow Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 29 December 2017 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Impellam Grou Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

The directors have set out their business review for the company in the Strategic Report on page 2.

As at 29 December 2017 the company had net current liabilities amounting to £16,923,000 (30 December 2016: £17,068,000). The company and its operational subsidiaries are expected to generate sufficient operational cash flows for the foreseeable future. Furthermore the company and its subsidiaries participate in the centralised treasury arrangements and banking facilities provided by the ultimate parent company, Impellam Group Plc. The company has received assurances from the directors of the ultimate parent company that there are no factors which cast doubt on the Group's ability to continue with those treasury and banking arrangements, and that the ultimate parent company will continue to provide support for the foreseeable future and at least a period of twelve months from the date on which the financial statements are signed.

On the basis of their assessment of the company's financial position and of the enquiries made of Impellam Group Plc, the company's directors have a reasonable expectation that the company will be able to continue in operation for the foreseeable future. Therefore the directors continue to adopt the going concern basis of accounting in preparing these financial statements.

Exemption from preparing group accounts

The financial statements contain information about Blue Arrow Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Impellam Group Plc, a company incorporated in United Kingdom.

Blue Arrow Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 29 December 2017 (continued)

2 Accounting policies (continued)

Significant accounting judgements

Recoverability of debtors

The company determines whether debtors are impaired if events or changes in circumstances indicate that the carrying value may not be recoverable at least on an annual basis.

Investments

Fixed asset investments are stated at cost less a provision for impairment. The carrying values of investments are reviewed for impairment at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating unit to which the assets are allocated. Estimating the value in use requires the company to make an estimate of the future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Financial assets and liabilities

Classification

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial assets and financial liabilities are recorded at fair value on the transaction date, on the company's balance sheet when the company has become a party to the contractual provisions of the instrument and derecognised when this is no longer the case.

Blue Arrow Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 29 December 2017 (continued)

3 Auditor's remuneration

Auditor's remuneration for the current period is £1,000 (30 December 2016 - £1,000) and for both periods it was borne by a fellow group company.

4 Staff costs

Other than the directors, the company had no employees throughout the current or prior period.

5 Directors' remuneration

The directors are remunerated from Impellam Group Plc for their services to the group as a whole. The directors do not believe it is practical to apportion their remuneration between their services to this company and their services as directors of the parent and fellow subsidiaries.

6 Income tax

Tax credited in the income statement

	52 weeks ended 29 December 2017 £ 000	52 weeks ended 30 December 2016 £ 000
Current taxation		
UK corporation tax adjustment to prior periods	(29)	-
Payment for group relief received	(116)	(91)
Tax receipt in the income statement	(145)	(91)

The tax on profit before tax for the period is lower than the standard rate of corporation tax in the UK (30 December 2016 - lower than the standard rate of corporation tax in the UK) of 19.25% (30 December 2016 - 20%).

The differences are reconciled below:

	52 weeks ended 29 December 2017 £ 000	52 weeks ended 30 December 2016 £ 000
Profit before tax	-	25
Corporation tax at standard rate	-	5
Decrease from transfer pricing adjustments	(116)	(121)
Debt cap adjustments (see below)	-	(5)
Increase arising from group relief tax reconciliation	-	30
Decrease in current tax from unrecognised temporary difference from a prior period	(29)	-
Total tax credit	(145)	(91)

Blue Arrow Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 29 December 2017 (continued)

UK legislation requires, in broad terms, that most transactions between connected parties be at an arm's length price for tax purposes (commonly known as 'transfer pricing'). As a result, this company must make an adjustment for deemed net interest on intercompany balances that has not been recognised in the financial statements.

UK legislation also places restrictions on the amount of interest payable by a group of companies which can be deducted for tax purposes (commonly known as the 'debt cap rules'), but also allows a restricted exemption for interest receivable subject to various conditions.

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 17% (effective from 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively. This will reduce the company's future current tax charge accordingly.

7 Investments

Subsidiaries	£ 000
Cost	
At 31 December 2016	<u>58,053</u>
At 29 December 2017	<u>58,053</u>
Provision	
At 31 December 2016	<u>-</u>
At 29 December 2017	<u>-</u>
Net book value	
At 29 December 2017	<u>58,053</u>
At 30 December 2016	<u>58,053</u>

Details of the subsidiaries as at 29 December 2017 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2017	2016
Blue Arrow Limited	Employment agency	England & Wales	100%	100%

The directors believe that the carrying value of the investment in Blue Arrow Limited is supported by its underlying trade and net assets.

8 Trade and other payables

	29 December 2017 £ 000	30 December 2016 £ 000
Amounts owed to related parties	<u>16,923</u>	<u>17,068</u>

Amounts owed to related parties are interest free, unsecured and repayable on demand.

Blue Arrow Holdings Limited

Notes to the Financial Statements for the 52 weeks ended 29 December 2017 (continued)

9 Share capital

Allotted, called up and fully paid shares

	29 December 2017		30 December 2016	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £0.10 each	1,334	133	1,334	133
Cumulative Preference shares of £1 each	<u>26,722</u>	<u>26,722</u>	<u>26,722</u>	<u>26,722</u>
	<u>28,056</u>	<u>26,855</u>	<u>28,056</u>	<u>26,855</u>

Rights, preferences and restrictions

The holders of the cumulative preference shares of £1 each have previously confirmed in writing that they have unconditionally waived their rights of redemption indefinitely. The cumulative preference shares have a preferential right to return of capital on a winding up of the company. The holders of ordinary shares have full voting rights but cumulative preference shareholders only have limited voting rights, as set out in the Articles of Association.

10 Contingent liabilities

The company has given cross guarantees as follows:

a) As part of the Group's revolving credit facility of which the company is a member; the net aggregate amount outstanding against this facility at 29 December 2017 was £174,500,000 (30 December 2016: £143,300,000).

11 Related party transactions

The company has taken advantage of the exemption in FRS 101 Section 8 from disclosing transactions with other members of the Group.

12 Parent and ultimate parent undertaking

The company's immediate parent is Impellam Holdings Limited.

The Company's ultimate parent undertaking, Impellam Group Plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Impellam Group Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Registrar of Companies, Companies Registration Office, Crown Way, Maindy, Cardiff, CF14 3UZ. Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

At 29 December 2017, the Lombard Trust was interested in and controlled 51.1% of Impellam Group Plc.